



7020-02

INTERNATIONAL TRADE COMMISSION

Investigation No. 337-TA-1098

Certain Subsea Telecommunication Systems and Components Thereof

Commission Determination Finding No Violation of Section 337; Termination of the Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to find no violation of section 337 of the Tariff Act of 1930, as amended, in the above-referenced investigation. The investigation is terminated in its entirety.

FOR FURTHER INFORMATION CONTACT: Cathy Chen, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205-2392. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <https://www.usitc.gov>. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on January 26, 2018, based on a complaint, as supplemented, filed on behalf of Neptune Subsea

Acquisitions Ltd. of the United Kingdom; Neptune Subsea IP Ltd. of the United Kingdom; and Xtera, Inc. of Allen, Texas (collectively, “Xtera”). 83 FR 3770 (Jan. 26, 2018). The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain subsea telecommunication systems and components thereof by reason of infringement of one or more claims of U.S. Patent Nos.: 8,380,068 (“the ’068 patent”); 7,860,403 (“the ’403 patent”); 8,971,171 (“the ’171 patent”); 8,351,798 (“the ’798 patent”); and 8,406,637 (“the ’637 patent”). The complaint further alleges that an industry in the United States exists as required by section 337. The notice of investigation, as originally issued, named as respondents Nokia Corporation of Espoo, Finland; Nokia Solutions and Networks B.V. of Hoofddorp, The Netherlands; Nokia Solutions and Networks Oy of Espoo, Finland; Alcatel-Lucent Submarine Networks SAS of Boulogne-Billancourt, France; Nokia Solutions and Networks US LLC of Phoenix, Arizona; NEC Corporation of Tokyo, Japan; NEC Networks & System Integration Corporation of Tokyo, Japan; and NEC Corporation of America of Irving, Texas. The Office of Unfair Import Investigations was also named as a party in this investigation.

On March 19, 2018, the ALJ issued Order No. 9 to (1) correct the corporate name of Alcatel-Lucent Submarine Networks SAS to Alcatel Submarine Networks; and (2) partially terminate the investigation based on withdrawal of the complaint with respect to Respondents Nokia Solutions and Networks B.V.; Nokia Solutions and Networks Oy; and Nokia Solutions and Networks US LLC. 83 FR 17677-678 (Apr. 23, 2018). On July 10, 2018, the ALJ issued Order No. 21 to change the corporate name of Neptune Subsea Acquisitions Ltd. to Xtera Topco

Ltd. 83 FR 37516-517 (Aug. 1, 2018). On August 27, 2018, the ALJ issued Order No. 30 to amend the complaint and notice of investigation to add Nokia of America Corporation of New Providence, New Jersey as a respondent in the investigation. 83 FR 47938 (Sep. 21, 2018).

On November 19, 2018, the ALJ issued Order No. 46 granting in part Respondents' motion for summary determination of no violation with respect to the '068 patent based on Xtera's failure to establish the domestic industry requirement with respect to that patent. *See* Order No. 46 (Nov. 19, 2018), *aff'd with modification*, Comm'n Op. (Feb. 14, 2019). The ALJ also granted Xtera's motions to withdraw from the investigation all asserted claims of the '171 and '637 patents and certain asserted claims of the other asserted patents. *See* Order No. 22 (Aug. 8, 2018) (unreviewed); Order No. 47 (Nov. 20, 2018) (unreviewed); Order No. 52 (Dec. 6, 2018) (unreviewed).

An evidentiary hearing was held in this investigation from December 10-14, 2018.

On April 26, 2019, the ALJ issued his final initial determination ("ID") finding no violation of section 337 with respect to asserted claims 13, 15, and 19 of the '798 patent and claims 8, 9, and 12 of the '403 patent by Respondents Nokia Corporation; Alcatel Submarine Networks; and Nokia of America Corporation (collectively "Nokia"); and NEC Corporation; NEC Networks & System Integration Corporation; and NEC Corporation of America (collectively "NEC"). Specifically, with respect to the '798 patent, the ID found that Xtera produced no evidence at the evidentiary hearing to show a violation of section 337 based on infringement of claims 13, 15, and 19. Accordingly, the ID found that Xtera has not established a violation of section 337 based on infringement of the '798 patent. With respect to the '403 patent, the ID found that Respondents do not infringe and Xtera's domestic industry products do

not practice claims 8, 9, and 12 of the '403 patent. The ID also found that claims 8, 9, and 12 of the '403 patent are invalid as anticipated by U.S. Patent No. 6,430,336 ("Frankel"). The ID further found that Xtera had not established that its investments and activities satisfied the domestic industry requirement with respect to the articles protected by the '403 patent.

On May 13, 2019, Xtera filed a petition for review of the final ID. On the same day, Respondents filed a contingent petition for review of the final ID. Thereafter, the parties filed responses to the petitions for review and public interest comments pursuant to Commission Rule 210.50(a)(4).

On July 24, 2019, the Commission determined to review in part the final ID and to extend the target date in this investigation to September 30, 2019. 84 FR 36935-937 (Jul. 30, 2019). Specifically, the Commission determined to review the ID's findings with respect to the '403 patent in their entirety, including domestic industry. *Id.* at 36936. The Commission also determined that Xtera had effectively withdrawn its allegations with respect to claim 13 of the '403 patent and the '798 patent. *Id.* The Commission asked the parties to brief certain issues under review. *Id.* The parties filed their respective initial submissions on August 7, 2019, and their respective reply submissions on August 14, 2019.

Of the patent claims that formed the basis for institution of this investigation, only claims 8, 9 and 12 of the '403 patent remain in dispute.

Having reviewed the parties' submissions and the record evidence, the Commission has determined to affirm with modifications the ID's finding of no violation of section 337 with respect to the '403 patent. Specifically, the Commission has determined to modify the ID's construction of the "means for producing" limitation in claim 8 of the '403 patent. In particular,

the Commission adopts the ID's claimed function for the "means for producing" limitation and clarifies that the claimed function does not require the production of "narrow" optical pulses, *i.e.*, pulses of a particular bit rate. The Commission finds the specification clearly links or associates pulsed laser light sources (*e.g.*, active mode locked laser 20 in Figure 2), CW lasers modulated to create a periodic series of optical pulses (*e.g.*, CW laser 10 and first modulator 11 in Figure 1), and equivalents thereof to the claimed function. Applying that construction, the Commission affirms with modifications the ID's findings that (i) the accused products do not infringe claims 8, 9 and 12; (ii) the asserted claims are invalid as anticipated by Frankel; and (ii) Xtera has not established the existence of a domestic industry with respect to the '403 patent. The Commission's reasoning in support of its determinations is set forth in its concurrently issued opinion.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 CFR Part 210).

By order of the Commission.

Lisa Barton
Secretary to the Commission

Issued: October 3, 2019

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